

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company is incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 February 2011. Our Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 12 October 2011 and our principal place of business in Hong Kong is at Suites 2001-2005, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong. Loong & Yeung of Suites 2001-2005, 20th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the Cayman Islands, we are subject to the relevant laws of the Cayman Islands and our constitution which comprises the Memorandum of Association and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix V to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation of our Company, our authorised share capital was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. One Share was allotted and issued fully paid to Reid Services Limited, the subscriber to the memorandum and articles of association of our Company, on 8 February 2011 which was subsequently transferred to Hongfa Holdings on the same date at a consideration of HK\$0.01.
- (b) On 18 February 2011, 749,999 Shares were allotted and issued fully paid to Hongfa Holdings at a total consideration of HK\$7,500.
- (c) On 2 September 2011, as consideration for the acquisition by us of the entire issued share capital of Fortuneshine Investment held by Mr. Lang, 200,000 Shares and 50,000 Shares were allotted and issued, all credited as fully paid, to Novi Holdings and All Five Capital, respectively.
- (d) On 25 October 2011, 111,111 Shares were allotted and issued fully paid to Jiuding Callisto at a total consideration of US\$11,250,000.
- (e) On 15 November 2011, one Share was allotted and issued fully paid to Hongfa Holdings at a consideration of US\$16,603,200.
- (f) On 9 April 2012, our Shareholders resolved to increase the authorised share capital of our Company from HK\$380,000 to HK\$30,000,000 by the creation of an addition of 2,962,000,000 Shares, each ranking *pari passu* with our Shares then in issue in all respects.

Immediately following completion of the Capitalisation Issue and the Share Offer, and assuming that the Over-allotment Option is not exercised and there is no exercise of the options that may be granted under the Share Option Scheme, the authorised share capital of our Company will be HK\$30,000,000 divided into 3,000,000,000 Shares, of which 720,871,584 Shares will be issued fully paid or credited as fully paid, and 2,279,128,416 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “Written resolutions of our Shareholders passed on 9 April 2012” in this Appendix and pursuant to the Over-allotment Option and the Share Option Scheme, we do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in our Company’s share capital since its incorporation.

3. Written resolutions of our Shareholders passed on 9 April 2012

By written resolutions of our Shareholders passed on 9 April 2012:

- (a) our Company approved and adopted the Memorandum of Association and the Articles;
- (b) the authorised share capital of our Company was increased from HK\$380,000 to HK\$30,000,000 by the creation of an addition of 2,962,000,000 Shares of HK\$0.01 each, each ranking *pari passu* with our Shares then in issue in all respects;
- (c) conditional on the Listing Committee granting listing of, and permission to deal in, our Shares in issue and Shares to be issued as mentioned in this prospectus including any Shares which may be issued pursuant to the Share Offer, the Capitalisation Issue, the exercise of the Over-allotment Option and the options granted under the Share Option Scheme, on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer, each to rank *pari passu* with the then Shares in issue in all respects;
 - (ii) the Over-allotment Option was approved and our Directors were authorised to allot and issue our Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option, each to rank *pari passu* with the then Shares in issue in all respects;

- (iii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of subscription rights attaching to any options granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme; and
 - (iv) the Capitalisation Issue was approved and conditional further on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalize an amount of HK\$5,900,004.72 standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full at par 590,000,472 Shares for allotment and issue to the person(s) whose name(s) appear on the register of members of our Company at the close of business on 9 April 2012 in proportion (as nearly as possible without involving fractions) to its/their then existing shareholding(s) in our Company, each ranking *pari passu* in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions;
- (d) a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than by way of rights or an issue of Shares pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or any other share scheme of our Company or any Shares allotted in lieu of the whole or part of a dividend on our Shares in accordance with the Articles or pursuant to a specific authority granted by our Shareholders or pursuant to the Share Offer or the Capitalisation Issue, Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company; or
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders at general meeting;
- (e) a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such

number of Shares as will represent up to 10% of the aggregate of the nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company; or
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders at general meeting; and
- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme.

4. Corporate Reorganisation

The companies comprising our Group underwent the Reorganisation to rationalize our Group's structure in preparation for the Listing, pursuant to which our Company became the holding company of our Group.

The Reorganisation which was effected in preparation for the Listing, whereby our Company became the holding company of our Group, included the following major steps:

- (a) On 29 November 2010, Alliance Worldwide was incorporated in the BVI with limited liability with an authorised capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, all of which were allotted and issued fully paid to Mr. Li on the same date;
- (b) On 22 December 2010, Ishine Mining was incorporated Hong Kong with limited liability with an authorised capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, all of which were allotted and issued fully paid to Alliance Worldwide on the same date;

- (c) On 8 February 2011, our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability and one Share was allotted and issued fully paid to Reid Services Limited, the subscriber to the memorandum and articles of association of our Company, on 8 February 2011 which was subsequently transferred to Hongfa Holdings on the same date at a consideration of HK\$0.01;
- (d) On 18 February 2011, 749,999 Shares were allotted and issued fully paid to Hongfa Holdings at a total consideration of HK\$7,500;
- (e) On 18 February 2011, pursuant to the instrument of transfer referred to in item e of the paragraph headed “Summary of material contracts” in this Appendix, Mr. Li transferred the 50,000 shares he held in Alliance Worldwide, which represented the entire issued share capital of Alliance Worldwide, to our Company at a consideration of US\$1.00;
- (f) On 20 February 2011, pursuant to the equity transfer agreement referred to in item f of the paragraph headed “Summary of material contracts” in this Appendix, Mr. Li transferred 75% of the equity interest in Shandong Ishine held by him to Ishine Mining at a consideration of US\$27,853,200;
- (g) On 26 February 2011, pursuant to the equity transfer agreement referred to in item g of the paragraph headed “Summary of material contracts” in this Appendix, Shandong Ishine transferred its 20% of the equity interest in Shengrong Small Loans to Linyi Runxing at the consideration of RMB20,000,000;
- (h) On 2 May 2011, pursuant to the agreement for sale and purchase of shares referred to in item o of the paragraph headed “Summary of material contracts” in this Appendix, Shandong Ishine transferred 14,700 shares in Thailand Chang Sheng, which represented the entire equity interest it held in Thailand Chang Sheng, to Hesheng Minerals at a consideration of RMB9,955,865;
- (i) On 2 May 2011, pursuant to the share sale agreement referred to in item q of the paragraph headed “Summary of material contracts” in this Appendix, Shandong Ishine transferred the one share it held in Ausrich, which represented the entire issued share capital of Ausrich, to Hesheng Minerals at a consideration of US\$6,350,000;
- (j) On 2 September 2011, pursuant to the sale and purchase agreement referred to in item t of the paragraph headed “Summary of material contracts” in this Appendix, Mr. Lang transferred the 50,000 shares he held in Fortuneshine Investment, which represented the entire issued share capital of Fortuneshine Investment, to Alliance Worldwide and as consideration, 200,000 Shares and 50,000 Shares were allotted and issued, all credited as fully paid, to Novi Holdings and All Five Capital, respectively;

- (k) On 19 October 2011, pursuant to the subscription agreement referred to in item v of the paragraph headed “Summary of material contracts” in this Appendix, 111,111 Shares were allotted and issued fully paid to Jiuding Callisto at a total consideration of US\$11,250,000; and
- (l) On 15 November 2011, one Share was allotted and issued fully paid to Hongfa Holdings at a consideration US\$16,603,200.

Immediately after completion of the share transfer referred to in item (j) above, our Company then became the holding company of our Group.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant’s Report, the text of which is set out in Appendix I to this prospectus. In addition to the alterations described in the paragraph headed “Corporate Reorganisation” above, the following changes in the share capital (or registered capital, as the case may be) of the subsidiaries of our Company took place within the two years immediately preceding the date of this prospectus:

Ishine International

On 5 November 2010, 100,000 shares in Ishine International were issued at AUD0.20 each pursuant to the exercise of options granted to a consultant as consideration for providing consultancy services.

On 9 December 2010, 500,000 shares in Ishine International were issued at nil paid as consideration under the service agreement between Ishine International and Dr Caigen Wang, the former managing director of Ishine International.

Fortuneshine Investment

Fortuneshine Investment was a limited liability company incorporated under the laws of the Cayman Islands on 21 September 2010 with an authorised capital of US\$50,000 divided into 50,000 shares of par value of US\$1.00 each.

On 21 September 2010, one share in Fortuneshine Investment was allotted and issued fully paid at par to the subscriber to the memorandum and articles of association of Fortuneshine Investment which was subsequently transferred to Mr. Lang on the same date at a consideration of US\$1.00.

On 21 September 2010, 49,999 shares in Fortuneshine Investment were allotted and issued fully paid to Mr. Lang at a consideration of US\$49,999.

SMI

SMI was a limited liability company incorporated under the laws of Hong Kong on 1 November 2010 with an authorised capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each.

On 1 November 2010, 10,000 shares in SMI were allotted and issued fully paid to Fortunesine Investment at a consideration of HK\$10,000.

6. Repurchase of our Shares by our Company

This section includes information required by the Stock Exchange to be included in the prospectus concerning the repurchase of our Shares by our Company.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders' approval

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

Note: Pursuant to the written resolutions of our Shareholders passed on 9 April 2012, a general unconditional mandate (the "Repurchase Mandate") was given to our Directors authorizing our Directors to exercise all powers of our Company to purchase on the Stock Exchange, or any other stock exchange on which our Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, Shares representing up to 10% of the total nominal amount of our Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by law or the Articles to be held, or when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time our Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Connected parties

The Listing Rules prohibit our Company from knowingly repurchasing our Shares on the Stock Exchange from a "connected person", which includes a Director, chief executive or substantial Shareholder or any of our subsidiaries or an associate of any of them and a connected person shall not knowingly sell Shares to our Company.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 720,871,584 Shares in issue after completion of the Capitalisation Issue and Share Offer assuming no exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme, could accordingly result in up to 72,087,158 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) Funding of repurchase

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) *General*

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers and Share Repurchases (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS


1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a cooperation agreement in Chinese dated 25 May 2010 and entered into among Shandong Ishine, Mr. Li and Yang Wenxing (楊文興), pursuant to which Yang Wenxing (楊文興) entrusted Shandong Ishine and Mr. Li to hold his 54.54% and 18.18% of the equity interest in Luxing Titanium, respectively;

- (b) an equity transfer agreement in Chinese dated 25 May 2010 and entered into among Shandong Ishine, Mr. Li and Yang Wenxing (楊文興), pursuant to which Yang Wenxing (楊文興) transferred his 54.54% and 18.18% of the equity interest in Luxing Titanium to Shandong Ishine and Mr. Li at the considerations of RMB12,000,000 and RMB4,000,000, respectively;
- (c) an equity transfer agreement in Chinese dated 1 December 2010 and entered into among Mr. Li, Mr. G.H. Li and SMI, pursuant to which (i) Mr. Li transferred his 20% of the equity interest in Shandong Ishine to SMI at a consideration of US\$8,877,742.37; and (ii) Mr. G.H. Li transferred his 5% of the equity interest in Shandong Ishine to SMI at a consideration of US\$2,219,435.59;
- (d) an equity transfer agreement in Chinese dated 29 January 2011 and entered into among Luxing Titanium, Shandong Ishine, Mr. Li and Yang Wenxing (楊文興), pursuant to which Shandong Ishine and Mr. Li transferred their respective 54.54% and 18.18% of the equity interest in Luxing Titanium to Yang Wenxing (楊文興) at the considerations of RMB12,000,000 and RMB4,000,000, respectively;
- (e) an instrument of transfer dated 18 February 2011 and entered into between Mr. Li and our Company, pursuant to which Mr. Li transferred the 50,000 shares he held in Alliance Worldwide, which represented the entire issued share capital of Alliance Worldwide, to our Company at a consideration of US\$1.00;
- (f) an equity transfer agreement in Chinese dated 20 February 2011 and entered into between Mr. Li and Ishine Mining, pursuant to which Mr. Li transferred 75% of the equity interest in Shandong Ishine held by him to Ishine Mining at a consideration of US\$27,853,200;
- (g) an equity transfer agreement in Chinese dated 26 February 2011 and entered into between Shandong Ishine, Mr. Li and Linyi Runxing, pursuant to which, among other matters, Shandong Ishine transferred its 20% of the equity interest in Shengrong Small Loans to Linyi Runxing at the consideration of RMB20,000,000;
- (h) an agreement for the sale and purchase of shares dated 29 March 2011 and entered into between Shandong Ishine and Sinogreen Resource Pty. Limited, pursuant to which Shandong Ishine transferred 14,700 shares in Thailand Chang Sheng held by it to Sinogreen Resource Pty. Limited at a consideration of RMB9,955,865;
- (i) a waiver and indemnification undertaking dated 29 March 2011 and entered into between Shandong Ishine and Sinogreen Resource Pty. Limited, pursuant to which Sinogreen Resource Pty. Limited agreed, among other matters, to assume all liabilities arising from the shares in Thailand Chang Sheng beginning from the date of the agreement as mentioned in item h above;

- (j) a share sale agreement dated 29 March 2011 and entered into between Shandong Ishine and Sinogreen Resource Pty. Limited, pursuant to which Shandong Ishine transferred its 100% of the equity interest in Ausrich to Sinogreen Resource Pty. Limited at a consideration of US\$6,350,000;
- (k) a letter of undertaking dated 29 March 2011 and entered into between Shandong Ishine and Sinogreen Resource Pty. Limited, pursuant to which Sinogreen Resource Pty. Limited agreed, among other matters, to take over all risks and liabilities of Ausrich on and from 29 March 2011;
- (l) a discharge of entrustment agreement in Chinese dated 18 April 2011 and entered into among Shandong Ishine, Mr. Li and Yang Wenxing (楊文興) regarding the discharge and termination of holding equity interest in Luxing Titanium by Shandong Ishine and Mr. Li for Yang Wenxing (楊文興);
- (m) a mutual rescission agreement dated 1 May 2011 and entered into between Shandong Ishine and Sinogreen Resource Pty. Limited, pursuant to which both parties agreed to rescind the agreement and the undertaking as mentioned in items h and i above and any share transfer instrument in accordance therewith;
- (n) a deed of termination and mutual release dated 1 May 2011 and entered into between Shandong Ishine and Sinogreen Resource Pty. Limited, pursuant to which both parties agreed to terminate the agreement and the undertaking as mentioned in items j and k above;
- (o) an agreement for the sale and purchase of shares dated 2 May 2011 and entered into between Shandong Ishine and Hesheng Minerals, pursuant to which Shandong Ishine transferred 14,700 shares in Thailand Chang Sheng held by it to Hesheng Minerals at a consideration of RMB9,955,865;
- (p) a waiver and indemnification undertaking dated 2 May 2011 and entered into between Shandong Ishine and Hesheng Minerals, pursuant to which Hesheng Minerals agreed, among other matters, to assume all liabilities relating to the shares in Thailand Chang Sheng and waived all claims it might have had against Shandong Ishine;
- (q) a share sale agreement dated 2 May 2011 and entered into between Shandong Ishine and Hesheng Minerals, pursuant to which Shandong Ishine transferred its 100% of the equity interest in Ausrich to Hesheng Minerals at a consideration of US\$6,350,000;
- (r) a letter of undertaking dated 2 May 2011 and entered into between Shandong Ishine and Hesheng Minerals, pursuant to which Hesheng Minerals agreed, among other matters, to take over all risks and liabilities of Ausrich on and from 2 May 2011;

- (s) an addendum dated 9 July 2011 and entered into between Shandong Ishine and Hesheng Minerals confirming that all references to “Shandong Xingsheng Mining Company Limited” in the agreement and the undertaking as mentioned in items o and p above would be deemed references to “Shandong Ishine Mining Industry Co., Ltd.”;
- (t) a sale and purchase agreement dated 2 September 2011 and entered into between Mr. Lang and Alliance Worldwide, pursuant to which Mr. Lang transferred the 50,000 shares he held in Fortuneshine Investment, which represented the entire issued share capital of Fortuneshine Investment to Alliance Worldwide and as consideration, 200,000 Shares and 50,000 Shares were allotted and issued, all credited as fully paid, to Novi Holdings and All Five Capital, respectively;
- (u) an instrument of transfer dated 2 September 2011 and entered into between Mr. Lang and Alliance Worldwide, pursuant to which Mr. Lang transferred the 50,000 shares he held in Fortuneshine Investment, which represented the entire issued share capital of Fortuneshine Investment to Alliance Worldwide and as consideration, 200,000 Shares and 50,000 Shares were allotted and issued, all credited as fully paid, to Novi Holdings and All Five Capital, respectively;
- (v) a subscription agreement dated 19 October 2011 and entered into among our Company, Hongfa Holdings, Mr. Li and Jiuding Callisto, pursuant to which Jiuding Callisto subscribed for 111,111 Shares at a total consideration of US\$11,250,000;
- (w) a deed poll of acknowledgement dated 15 November 2011 and executed by Shandong Ishine, pursuant to which Shandong Ishine, among other matters, acknowledged that it had assigned the debt of US\$6,349,999 due by Ausrich to Hesheng Minerals under the share sale agreement mentioned in item q above;
- (x) a supplemental deed to the subscription agreement mentioned in item v above dated 18 January 2012 and entered into among our Company, Hongfa Holdings, Mr. Li and Jiuding Callisto for clarification of certain terms used in the subscription agreement mentioned in item v above;
- (y) a trademark license agreement in Chinese dated 14 February 2012 and entered into between Mr. Li (as licensor) and Shandong Ishine (as licensee), pursuant to which Mr. Li agreed, among other matters, to grant a license to Shandong Ishine to use the registered trademark  on an exclusive, sole and royalty-free basis for a term of 10 years commencing from the date of signing of the license agreement at nil consideration;
- (z) a reorganisation deed dated 9 April 2012 and entered into among Mr. Li, Hongfa Holdings, Mr. Lang, All Five Capital, Novi Holdings and our Company, pursuant to which Mr. Li, Hongfa Holdings, Mr. Lang, All Five Capital and Novi Holdings gave various warranties and representations to our Company in respect of, among other matters, the Reorganisation;


- (aa) a deed of non-competition dated 9 April 2012 in Chinese executed by Mr. Li in favor of our Company, details of which are set out in the paragraph headed “Non-competition undertaking” under the section headed “Relationship with the Controlling Shareholders” in this prospectus;
- (bb) a deed of non-competition dated 9 April 2012 in Chinese executed by Hongfa Holdings in favor of our Company, details of which are set out in the paragraph headed “Non-competition undertaking” under the section headed “Relationship with the Controlling Shareholders” in this prospectus;
- (cc) a deed of indemnity dated 9 April 2012 executed by Mr. Li and Hongfa Holdings in favour of our Group containing the indemnities referred to in the paragraph headed “Tax and other indemnities” in this Appendix; and
- (dd) the Public Offer Underwriting Agreement.

2. Intellectual property rights

Trademark

As at the Latest Practicable Date, our Group had been licensed for the right to use the following trademark:

Trademark	Class	Registration		Place of Registration	Registrant
		Date	Expiry Date		
	6	21 March 2009	20 March 2019	PRC	Mr. Li

Note: On 14 February 2012, Mr. Li (as licensor) and Shandong Ishine (as licensee) entered into a trademark license agreement (the “Agreement”), pursuant to which Mr. Li agreed, among other matters, to grant a license to Shandong Ishine to use the registered trademark  on an exclusive, sole and royalty-free basis for a term of 10 years commencing from the date of signing of the Agreement at nil consideration. The Agreement has been filed with the relevant PRC intellectual property authority on 23 February 2012.

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks, the registration of which has not yet been granted:

Trademark	Class	Application Number	Application Date	Place of Application	Applicant
	6, 37	302022911	2 September 2011	Hong Kong	Ishine Mining
	6, 37	302022876	2 September 2011	Hong Kong	Ishine Mining
	6, 37	302022902	2 September 2011	Hong Kong	Ishine Mining
	6, 37	302022894	2 September 2011	Hong Kong	Ishine Mining

As at the Latest Practicable Date, our Group has registered the following domain names:

Domain name	Date of Registration
http://chinazhongsheng.com.hk	27 March 2012

3. Information about the PRC subsidiary of our Group

Name	Shandong Ishine
Corporate nature	Limited liability company (Taiwan, Hong Kong and Macau joint-venture)
Total investment	US\$29,500,000
Total registered capital	US\$16,850,903 (fully paid-up)
Attributable interest of our Company	100%
Term	30 April 2003 to 18 January 2041
Scope of business	Exploration, mining and separation of iron ore; merchandizing, sales, import and export of various iron minerals and iron concentrates
Legal representative	Mr. Li

**C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS,
DIRECTORS AND EXPERTS**

1. Disclosure of interests

- (a) Immediately following the completion of the Capitalisation Issue and the Share Offer but taking no account of our Shares to be issued pursuant to options which may be granted under the Share Option Scheme or pursuant to the exercise of the Over-allotment Option and without taking into account the arrangement under the Stock Borrowing Agreement, the interests and short positions of our Directors or chief executive of our Company in our Shares, underlying Shares and debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which, once our Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange, will be as follows:

(i) Long position in our Shares

Name of Director	Capacity/Nature	No. of Shares held	Approximate percentage of interest
Mr. Li (<i>Note 1</i>)	Interest of controlled corporation	399,000,532	55.35
Mr. Lang (<i>Note 2</i>)	Interest of controlled corporation	133,000,000	18.45

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature	No. of ordinary shares held	Approximate percentage of interest
Mr. Li (<i>Note 1</i>)	Hongfa Holdings	Beneficial owner	1	100%
Mr. Li	Ishine International	Beneficial owner	10,000,000	11.45%

Notes:

- (1) *Mr. Li beneficially holds the entire issued share capital of Hongfa Holdings, which in turn, beneficially holds 399,000,532 Shares. For the purposes of the SFO, Mr. Li is deemed or taken to be interested in all our Shares held by Hongfa Holdings. Mr. Li is also the Chairman of our Company and our Board, and the sole director of Hongfa Holdings.*
- (2) *Mr. Lang beneficially holds the entire issued share capital of Novi Holdings and All Five Capital which in turn, beneficially hold 106,400,000 Shares and 26,600,000 Shares, respectively. For the purpose of SFO, Mr. Lang is deemed or taken to be interested in all our Shares held by Novi Holdings and All Five Capital. Mr. Lang is also the sole director of Novi Holdings and All Five Capital.*

- (b) So far as is known to our Directors and save as disclosed in this prospectus and taking no account of any Shares which may be taken up under the Share Offer, and Shares to be issued pursuant to options which may be granted under the Share Option Scheme or pursuant to the exercise of the Over-allotment Option and without taking into account the arrangement under the Stock Borrowing Agreement, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Share Offer and the Capitalisation Issue, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

(i) Long positions in our Shares

Name	Nature of Interest	No. of Shares held	Approximate percentage of shareholding
Hongfa Holdings	Beneficial owner	399,000,532	55.35
Ms. Zhang (<i>Note 1</i>)	Family interest	399,000,532	55.35
Novi Holdings	Beneficial owner	106,400,000	14.76
Jiuding Callisto (<i>Note 2</i>)	Beneficial owner	59,111,052	8.20

Notes:

- (1) *Ms. Zhang is the spouse of Mr. Li. For the purpose of SFO, Ms. Zhang is deemed or taken to be interested in all our Shares in which Mr. Li is interested.*
- (2) *Jiuding China Growth Fund, L. P. beneficially holds the entire issued share capital of Jiuding Callisto which in turn, beneficially holds 59,111,052 Shares. For the purpose of SFO, Jiuding China Growth Fund, L. P. is deemed or taken to be interested in all our Shares held by Jiuding Callisto. Jiuding China GP Limited is the general partner of Jiuding China Growth Fund, L. P. For the purpose of SFO, Jiuding China GP Limited is deemed or taken to be interested in all our Shares in which Jiuding China Growth Fund, L. P. is interested.*

2. Particulars of service agreements

Each of our executive Directors has entered into a service agreement with our Company for an initial term of three years commencing on the Listing Date, subject to the termination provisions therein. Each of our executive Directors or our Company may terminate the appointment by giving the other party not less than three months' prior notice in writing.

Each of our independent non-executive Directors has entered into a service agreement with our Company as an independent non-executive Director for a term of two years commencing on the Listing Date. Each of our independent non-executive Directors or our Company may terminate the appointment by giving the other party not less than three months' prior notice in writing.

Save as disclosed in this prospectus, no Director has entered into any service agreement with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' remuneration

- (a) The aggregate amount of remuneration paid to our Directors by our Group in respect of the three years ended 31 December 2009, 2010 and 2011 were approximately RMB483,000, RMB546,000 and RMB613,000, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 December 2012 will be approximately HK\$11.7 million.
- (c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

Executive Directors	<i>HK\$</i>
Li Yunde (李運德)	800,000
Geng Guohu (耿國華)	600,000
Lang Weiguo	600,000
Independent non-executive Directors	<i>HK\$</i>
Zhang Jingsheng (張涇生)	150,000
Li Xiaoyang (李曉陽)	150,000
Lin Chu Chang (林鉅昌)	300,000

4. Fees or commission received

Save as disclosed in the paragraph headed “Commission and expenses” in the section headed “Underwriting” of this prospectus, none of our Directors or the experts named in the paragraph headed “Consents of experts” in this Appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under Note 38 to the Accountant’s Report set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;
- (b) none of our Directors or the experts named in the paragraph headed “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors or the experts named in the paragraph headed “Consents of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) taking no account of Shares which may be pursuant to options which may be granted under our Share Option Scheme or pursuant to the exercise of the Over-allotment Option and without taking into account the arrangements under the Stock Borrowing Agreement, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer, have any interest in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (e) none of our Directors or chief executive of our Company has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of the SFO) which, once our Shares are listed on the Stock Exchange, will have to be notified to our Company and the

Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he will be taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listing Companies in the Listing Rules, to be notified to our Company and the Stock Exchange; and

- (f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. SHARE OPTION OF ISHINE INTERNATIONAL

Ishine International has a total of 6,275,000 options to acquire shares on issue. If these options are exercised by their holders, Ishine International will be obliged to issue up to 6,275,000 new shares. The holders of these options and the relevant details of the options are as follows:

(a) Share options issued for acquisition of exploration rights

On 3 December 2009, Ishine International granted 5,000,000 share options to Kabiri Resources Pty Ltd of 3 Faulkner Circle Mosman Park, WA 6012 in exchange for the acquisition of tenements in Australia. The options are exercisable at AUD0.20 each on or before 31 December 2015. The total fair value of the options granted as at the date of acquisition amounted to AUD776,100 and was recorded as part of consideration for acquisition of the exploration rights.

(b) Share option issued to consultancy service providers

On 29 March 2010, Ishine International issued 1,175,000 options to ANSHEP Pty Ltd of 3 Alvan Street, Mount Lawley WA 6050, and Real Grumpy Pty Ltd of 3 Faulkner Circle, Mosman Park, WA 6012 as consideration for provision of consultancy services by Mr. Peter David Sheppard and Peter Preston Andrews, respectively. The options are exercisable at AUD0.20 each and will expire on 29 March 2013. The options will not be vested until the market price of Ishine International on ASX reaches AUD0.30 per share or above for 35 consecutive days.

(c) Share options issued to Mr Martin Dormer and Ms Penelope Anne Dormer

On 25 August 2010, Ishine International issued 200,000 options to Mr Martin Dormer, the chief exploration geologist of Ishine International and Ms Penelope Anne Dormer, of 191 Abbett Street Scarborough WA6019 as joint holders. Such options are exercisable at AUD0.30 each and will expire on 31 December 2012. These options have no vesting conditions.

Our Company has confirmed that there are no other existing rights or agreement, undertaking or obligation to grant any right to acquire securities, in Ishine International.

E. SHARE OPTION SCHEME**(a) Definitions**

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	9 April 2012, the date on which the Share Option Scheme is conditionally adopted by our Shareholders by way of written resolution
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“Group”	our Company and any entity in which our Company, directly or indirectly, holds any equity interest
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof

(b) Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 9 April 2012:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(ii) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(iii) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than 5 business days, the new issue price shall be used as the closing price for any business day fall within the period before listing.

(iv) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

(v) Maximum number of Shares

- (aa) subject to sub-paragraph (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 72,087,158 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 72,087,158 Shares from time to time) to the participants under the Share Option Scheme.
- (bb) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the Listing Rules in this regard.

- (cc) our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the Listing Rules.
- (dd) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company, if this will result in such 30% limit being exceeded.

(vi) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) Grant of options to certain connected persons

- (aa) Any grant of an option to a Director, chief executive or substantial shareholder of our Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

- (bb) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
- (i) representing in aggregate over 0.1% of our Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the Listing Rules in this regard. All connected persons of our Company shall abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

(viii) Restrictions on the times of grant of options

- (aa) An offer for the grant of options may not be made after a price sensitive event of our Group has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
- (i) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for our Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or other interim period (whether or not required under the Listing Rules).
- (bb) Further to the restrictions in paragraph (aa) above, no option may be granted on any day on which financial results of our Company are published and:
- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(ix) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(x) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(xi) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that our Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xii) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(xiii) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of 3 years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his death or within such period of 12 months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(xiv) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(xv) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xiv) above, the option (to the extent not already exercised) shall lapse on the expiry of 3 months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(xvi) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be and no such certification is required in case of adjustment made on the Capitalisation Issue) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (including the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes), provided that (i) any alteration shall give a grantee the same proportion of the issued share capital of our Company as that to which he was previously entitled; (ii) any adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as practicable the same (but shall not be greater than) as it was before; and (iii) no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(xvii) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 1 month after the date on which the offer becomes or is declared unconditional.

(xviii) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than 2 business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(xix) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than 2 business days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“Suspension Date”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all

options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavor to procure that our Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of our Company or any of its officers.

(xx) *Lapse of options*

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period referred to in paragraph (ix) above;
- (bb) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);
- (cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xv), (xvii), (xviii) or (xix) above;
- (dd) subject to paragraph (xviii) above, the date of the commencement of the winding-up of our Company;
- (ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (gg) subject to the compromise or arrangement as referred to in paragraph (xix) become effective, the date on which such compromise or arrangement becomes effective.

(xxi) *Cancellation of options granted but not yet exercised*

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(xxii) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

(xxiii) Alteration to the Share Option Scheme

- (aa) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.
- (bb) Any amendment to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(xxiv) Termination to the Share Option Scheme

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(xxv) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on the Listing Committee granting the listing of, and permission to deal in our Shares may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(c) Present status of the Share Option Scheme

Application has been made to the Listing Committee for listing of and permission to deal in 72,087,158 Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

F. OTHER INFORMATION**1. Tax and other indemnities**

Mr. Li and Hongfa Holdings (the “Indemnifiers”) have, pursuant to the deed of indemnity referred to in item (cc) of the paragraph headed “Summary of material contracts” of this Appendix (the “Deed”), given joint and several indemnities to our Company for itself and as trustee for our subsidiaries, among other things,

- (a) any liability for Hong Kong estate duty which might be payable by any member of our Group under or by virtue of the provisions of Section 35 and Section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any similar laws and regulations of any relevant jurisdiction arising on the death of any person at any time by reason of any transfer of any property to any member of our Group on or before the date on which the Share Offer becomes unconditional;
- (b) any taxation which might be payable by any member of our Group (i) in respect of any income, profits or gains earned, accrued, or received or deemed to have been earned, accrued or received on or before the date on which Share Offer becomes unconditional; or (ii) in respect of or in consequence of any act, omission or event occurring or deemed to occur on or before the date on which the Share Offer becomes unconditional; and (c) any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any legal proceedings instituted by or against any member of our Group in relation to events occurred on or before the date on which the Share Offer becomes unconditional.

The Indemnifiers will, however, not be liable under the Deed for taxation to the extent that, among others:

- (i) specific provision or reserve has been made for such taxation liability in the audited accounts of our Group as at 31 December 2011; or
- (ii) the tax liability arises or is incurred as a result of a retrospective change in law, rules and regulations, or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or the taxation authority of the PRC or any other relevant authority (whether in Hong Kong or the PRC or any part of the world) or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
- (iii) the taxation liability arises in the ordinary course of business of our Group after 31 December 2011 up to and including the date on which the Share Offer becomes unconditional; or

- (iv) any provision or reserve made for taxation in the audited accounts of our Group as at 31 December 2011 which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve to reduce the Indemnifiers' liability in respect of the taxation shall not be available in respect of any such liability arising thereafter.

The Indemnifiers will also indemnify our Company and each member of our Group against any losses, damages and liabilities suffered and all costs and expenses incurred by our Group as a result of or otherwise arising from, whether directly or indirectly, or in connection with (i) the implementation of the Reorganisation; (ii) disposal or acquisition of the equity interest in or any distribution (including but not limited to dividend) or change of corporate nature of Shandong Ishine since its establishment and up to the date on which the Share Offer becomes unconditional (including but not limited to, any tax payment borne by or to be borne by any of the former or existing holders of equity interest in Shandong Ishine); (iii) the penalty or the order for demolition imposed by any competent authority on any member of our Group regarding the properties or buildings owned, used or occupied by us on or before the date on which the Share Offer becomes unconditional which have defective titles or are regarded as temporary structures and hence proper title registration cannot be effected; and (iv) the failure of our Group to make the employee social insurance and housing provident fund contributions in accordance with the relevant rules and regulations of the PRC during the period from the date of establishment of Shandong Ishine to the date on which the Share Offer becomes unconditional except that provision, reserve or allowance has been made for such liabilities in the audited consolidated accounts of the Company for the Track Record Period.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands or the PRC is likely to fall on our Group.

2. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Sponsor

The Sponsor has, on behalf of our Company, made an application to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein and our Shares falling to be issued pursuant to the exercise of any options granted under the Share Option Scheme and the exercise of the Over-allotment Option.

The Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 3A.07 of the Listing Rules.

4. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$47,000 and are payable by our Company.

5. Promoter

There is no promoter of our Company.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Haitong Capital	A licensed corporation under SFO to carry on type 6 (advising on corporate finance) regulated activity
PricewaterhouseCoopers	Certified Public Accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer/Technical consultant
Micromine	Technical consultant
Dacheng Law Offices	Registered law firm in the PRC
Appleby	Cayman Islands attorneys-at-law
Steinepreis Paganin	Registered law firm in Australia
Bamrung Suvicha Apisakdi Law Associates	Registered law firm in Thailand
CRU	Industry consultant

7. Consents of experts

Each of Haitong Capital, PricewaterhouseCoopers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, Micromine, Dacheng Law Offices, Appleby, Steinepreis Paganin, Bamrung Suvicha Apisakdi Law Associates and CRU has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or opinion and/or valuation certificate and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which it is respectively included.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

9. Taxation of holders of Shares**(a) Hong Kong**

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of our Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. It is emphasized that none of our Company, our Directors or their parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

10. No material adverse change

Our Directors confirm that there has not been any material adverse change in the financial trading position or prospects of our Group since 31 December 2011 (being the date to which the latest audited consolidated financial statements of our Group were made up).

11. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration than cash; and
 - (ii) no discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries and no commission has been paid or is payable in connection the issue or sale of any capital of our Company or any of our subsidiaries; and

- (iii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (b) Save as disclosed in this prospectus, neither our Company nor any of our subsidiaries has issued or agreed to issue any founders shares, management shares, deferred shares or any debentures.
- (c) Save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed “Consents of experts” in this Appendix:
 - (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.
- (d) The branch register of members of our Company will be maintained in Hong Kong by Hong Kong Branch Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company’s share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to ensure our Shares to be admitted into CCASS for clearing and settlement.
- (e) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.
- (f) Except for Ishine International, no company within our Group is presently listed on any stock exchange or traded on any trading system.
- (g) We have no outstanding convertible debt securities.
- (h) Our Directors have been advised that, under Cayman Islands law, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by our Company in conjunction with our English name does not contravene Cayman Islands law.
- (i) The English text of this prospectus shall prevail over the Chinese text.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).